

# THE LAW OF PRIORITY DEVELOPMENT OF PRODUCERS' GOODS

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ONE of the most commonly held theories among Soviet economists for a long time is that the production of the means of production should outpace the production of the means of consumption. This is, indeed, one of the fundamental "laws"<sup>1</sup> of development of a socialist economy, according to the official textbook *Political Economy*.<sup>2</sup> Although Soviet economists have differed amongst themselves in their explanation of the "law", yet few, if any, have explicitly denied its validity. In more recent writings, some of the more extreme arguments used to demonstrate the law have come to be widely attacked; but even academician Arzumanian, who was most forthright in this respect, did conclude his set of two articles in the *Pravda* by upholding the law in a rather mild form.<sup>3</sup>

In the following section we shall first describe the Marxian model of reproduction, which has provided the framework for the debate,<sup>4</sup> and then try to determine the theoretical conditions under which the law would be operative. In the next section, we shall examine whether the available data for the USSR and Poland are sufficient for an adequate empirical testing of the law. In the final section we shall content ourselves with whatever tests that we can apply.

## I

### *Some Necessary Conditions for the Law*

In the Marxian model of reproduction the gross social product (GSP) is divided into two categories—means of production (Department I) and means of consumption (Department II). The value of

<sup>1</sup> To be referred henceforward as "law" only.

<sup>2</sup> *Political Economy*: A textbook issued by the Institute of Economics of the Academy of Sciences of the USSR, London, 1957, p. 533.

<sup>3</sup> ARZUMANIAN, *Pravda*, 24 & 25/2/1964.

<sup>4</sup> The Law itself was quite unknown to Marx. It was first developed by Lenin in connection with his studies on the development of capitalism in nineteenth century Russia. See *Supra*, p. 8, footnote 1.